



**DEPARTMENT OF RECREATION, PARKS
AND CULTURAL ACTIVITIES**

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Mayor Allison Silberberg
Vice Mayor Justin M. Wilson
Councilman Willie F. Bailey, Sr.
Councilman John Taylor Chapman
Councilman Timothy B. Lovain
Councilwoman Redella S. Pepper
Councilman Paul C. Smedberg

Re: RPCA Budget

Dear Mayor Silberberg and City Council Members:

Over the last several years, the Department of Recreation, Parks, and Cultural Activities (RPCA) has consistently done more with less. While the number of maintained acres of parks and open spaces under RPCA control has grown from 617 to 763, RPCA experienced net budget reductions of \$3,653,677. At the same time, RPCA increased the revenue it brings in from programming and recreation services from \$1,795,432 to \$4,045,396. As you review and consider the proposed FY17 budget, the Park and Recreation Commission respectfully submits that you use the City's cost-recovery policy that has resulted in the additional revenue to inform your decisions concerning the budget for RPCA. For your convenience, we summarize that policy here and highlight some key implications.

Background

In 2013, City Council approved RPCA's Resource Allocation and Cost Recovery Policy (attached). The premise is that the distribution of a program's costs should align with the distribution of its benefits. In real world terms:

- A program that benefits the community at large (such as park and trail maintenance, or the Earth Day festival) will be covered by the general fund, to spread costs across the tax base.
- A program that is essentially a private service for an individual (such as a personal-training session, or marina rental) will be covered by that individual, through a fee.
- A program that falls somewhere in between, providing a benefit to the community at large as well as individual benefit (such as afterschool programs, and senior fitness classes) should be covered partly by the general fund and partly by a fee.

The policy is depicted as a pyramid, with a funding mix assigned to each tier. Tier 1 is the broad bottom tier, for programs with broad community benefits. Tiers 2, 3, and 4 are for programs on a spectrum of mixed community and individual benefit. Tier 5 is for programs with mostly

individual benefit. Funding from user fees goes up as the benefit pyramid narrows.

The cost recovery policy will rationalize RPCA's budget—but only if it is applied as intended. *“How much should we charge for Service X?”* is not the way this policy works. The policy is driven by how much the City wants to fund a program, not how much it wants to charge participants.

Effect of Fees on Low-Income Residents

Separate from the cost-recovery policy, City Council also adopted a Financial Assistance Policy under which RPCA assists lower-income residents according to fixed criteria. For example, a qualifying family signing a child up for an RPCA-operated summer camp (Tier 2) will pay a fee that has been further reduced from a fee that already reflects a subsidy by operation of the cost-recovery policy. This point is important to highlight because affordability is sometimes cited as reason to reduce fees on particular programs (such as youth sports). The Financial Assistance Policy is the vehicle for addressing affordability concerns.

Indeed, when the cost-recovery policy was adopted critics suggested that increased fees would result in lower participation rates and would prevent lower-income residents from participating in RPCA programs. Experience has shown this is not the case. Participation in RPCA programs has increased across the board. RPCA provided 2,191 participants with fee assistance totaling \$123,884 in FY14. In FYI 15, 3,874 participants received a total of \$279,386 in fee assistance.

Implications for Budget Decisions

There are several implications of the cost-recovery policy that could be important to your review of RPCA's budget:

- Cuts fall heaviest on “Tier 1” and “Tier 2” programs—the ones with the broadest community benefit and greatest reliance on taxpayer funding. For example, the proposed cuts will result in reduced maintenance of parks (including, for example, new “no-mow” zones) (Tier 1) and reduced hours for programming and open play at recreation centers (Tier 2).
- The across-the-board cuts have no effect on “Tier 4” or “Tier 5” programs, which are covered exclusively by fees. Thus, the cuts will not affect the private businesses on long-term leases with RPCA (Tier 4) or those renting slips for their boats at the marina (Tier 5). Fee increases cannot be imposed on an arbitrary or program-specific basis because the fee amount is determined as a multiple of costs according to the program tier.
- Changing the fee structure for Tiers 4 and 5 (to make the fees 200% of cost as opposed to 175%, e.g.) will not offset cuts to the community-serving programs unless RPCA can dedicate those fee receipts to those Tier 1 and Tier 2 programs. All fee receipts are currently remitted to the City's general fund.

In short, cuts have a disproportionate impact on the programs that serve the greatest community needs, and the cost-recovery policy cannot fix this situation as it was intended to do unless RPCA absorbs both the costs and the revenues of its programs.

Conclusion

Every Department wants more money. It is a fact of life. But it is not a reason to be dismissive of, or to forget the purpose of policies that exist to ensure equitable distribution of limited City resources. RPCA's cost-recovery policy is one such policy. We urge you to understand it and to make decisions that allow it to work as intended to benefit the park and recreation needs of the entire Alexandria community.

Sincerely yours,

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DocuSigned by:
Judy Coleman
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Jennifer Atkins, Chair, and Judy Coleman, Vice-Chair, on behalf of the

Park and Recreation Commission

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